



WORKER RIGHTS CONSORTIUM

**WORKER RIGHTS CONSORTIUM ASSESSMENT  
STAR, S.A. (HONDURAS)  
FINDINGS, RECOMMENDATIONS, AND STATUS**

**October 12, 2012**

## **I. Introduction**

This report outlines the findings and recommendations of the Worker Rights Consortium concerning labor rights violations at Star, S.A., an apparel factory located in El Progreso, Honduras. According to the latest collegiate licensee factory disclosure data, Star produces collegiate licensed apparel for adidas, Nike, All Team, VF Imagewear Inc., New Agenda, and J America. Star is owned by Gildan, which acquired the factory as part of its purchase of Anvil Knitwear on May 3, 2012.<sup>1</sup>

The WRC's investigation found that Star managers have failed to take any action against employees who have repeatedly harassed and sought to intimidate leaders and members of the factory's union, including making threats of violence and that Star managers have actively colluded with these employees in their anti-union actions. The WRC also found that Star management has, in violation of the extant collective bargaining agreement, repeatedly failed to provide accurate, timely information to the union about major policy changes at the factory that impact workers. These actions, coupled with the past practices of Star management and Gildan's past practices in the region, have led to pervasive fear among workers of anti-union retaliation and/or an anti-union factory closure. Since past actions by Gildan and by Star management created a legitimate basis for these fears, and since management has failed to adequately address them, this constitutes an additional set of violations: creating, maintaining, and failing to ameliorate a climate of fear that prevents the free exercise of associational rights.

The WRC communicated these findings, along with recommendations for remediation, to Gildan on October 2, 2012. Gildan responded on October 9, 2012 and committed to take certain corrective actions.

This report details the WRC's initial findings and recommendations, Gildan's response, and the current status. These are prefaced with the following section, which provides relevant background on previous violations of associational rights by Star and by Gildan at their now-defunct El Progreso plant, which was located in the same municipality as Star.

## **II. Background**

Both Gildan's Honduras operations and Star (prior to its purchase by Gildan) have troubled labor rights histories.

At the now-defunct Gildan Activewear El Progreso plant, Gildan engaged in repeated mass firings of trade unionists in a ruthless and sustained campaign of anti-union retaliation so brazen it generated intense controversy in Gildan's home country and led one major Gildan shareholder

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<sup>1</sup> "Gildan Announces Agreement to Acquire Anvil for Approximately U.S. \$88 Million," (Gildan Press Release), May 3, 2012. Available at <http://gildan.com/corporate/downloads/Gildan%20Announces%20Agreement%20to%20Acquire%20Anvil%20-%20Final.pdf>.

to divest of its shares in protest. Eventually, Gildan was compelled, as a result of public pressure, to acknowledge these violations and enter into discussions with both the WRC and the Fair Labor Association toward reinstatement of the unlawfully fired workers. However, shortly after these discussions began, Gildan announced the closure of the plant. Evidence showed that the closure was motivated by the company's desire to rid itself of the union presence at the factory. See the WRC's report, "Assessment re Gildan Activewear El Progreso (Honduras): Findings, Recommendations, and Status Report,"<sup>2</sup> for a detailed review of that case.

Star has its own history of workers' rights violations as well. As detailed in a WRC report,<sup>3</sup> in November 2007, the plant fired 55 workers shortly after those workers became founding members of the union Sitrastar, affiliated to the FUTH (Federacion Unitaria de Trabajadores de Honduras) union federation. A WRC investigation determined that these terminations were in violation of both Honduran law and university codes of conduct; an investigation commissioned by Nike, a major buyer at the facility, drew the same conclusions. In December 2007, Star reinstated the 55 workers.

Also in December 2007, factory management committed to engage in good faith negotiations with the union regarding the dismissal of additional workers who had been fired after participating in a protest at the industrial park where Star is located. However, in February 2008, workers reported to the WRC that management had reneged on this commitment.

The WRC launched an investigation of these terminations and other labor rights violations at the plant. Anvil Knitwear, the owner of Star, refused to cooperate with this investigation, which found overwhelming evidence that these firings were retaliatory. Most significantly, testimony showed that factory supervisors had, prior to the dismissals, issued explicit threats against the same workers that they would be fired for their union activities and had demanded that workers provide them with names of other union members as a condition of keeping their jobs.

On November 30, 2008, ten workers from this group were finally reinstated after Nike contacted Anvil to press the company to take corrective action. However, the workers did not receive back pay for the year they had been off the job, although this is a required remedy under both Honduran law and international standards.

The WRC investigation in 2008 also documented verbal and physical abuse of workers by supervisors, sexual harassment, forced overtime, and unreasonable restrictions on workers' access to bathrooms and drinking water. Anvil did not report taking any corrective action in response to the WRC's findings.

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<sup>2</sup> Dated July 29, 2004. This report and a subsequent report on Gildan's actions following the closure are available at <http://www.workersrights.org/Freports/gildan.asp>.

<sup>3</sup> See Worker Rights Consortium, "Case Summary: Star S.A. (Honduras)," dated October 1, 2008, [http://www.workersrights.org/Freports/Case%20Summary%20-%20Star%20\\_Honduras\\_.pdf](http://www.workersrights.org/Freports/Case%20Summary%20-%20Star%20_Honduras_.pdf).

Despite the retaliation and intimidation faced by members of the Sitrastar union, this worker body survived and ultimately management agreed to negotiate a collective bargaining agreement, which was signed on June 23, 2009 and which addressed some of these outstanding issues. A second contract was signed on January 1, 2012; this contract runs through December 31, 2013.

### **III. Methodology**

The WRC investigation at Star was conducted in May-October 2012. The findings in this report are based on the following sources of evidence:

- Interviews with 20 current Star workers;
- Interviews with leaders of the Sitrastar union;
- Communications with representatives of Gildan;
- Review and analysis of documentary evidence,<sup>4</sup> including meeting minutes, correspondence between Gildan representatives and Sitrastar, and complaints submitted to government agencies;
- Review and analysis of the Star collective bargaining agreement and the Labor Code of Honduras; and
- Consultation with the local labor movement concerning customary practices related to information and notice in labor-management relations.

### **IV. Findings**

The WRC investigated two sets of allegations made by Star workers. First, workers alleged that management gave tacit approval and/or engaged in active collusion vis-à-vis threats of violence and acts of harassment against members and leaders of the union. Second, workers alleged that Star management violated the collective bargaining agreement and Honduran law by refusing to share information with the union about policy changes at the factory that affect workers.

#### ***Threats and harassment of union leaders***

Leaders of Sitrastar have repeatedly been subjected to threats of violence and other forms of intimidation and harassment by other workers at the plant. These threats have intensified since the acquisition by Gildan.

This section reviews evidence of various incidents of threats and harassment. The following section discusses management's failure to address these threats and active collusion by factory managers with the individuals making these threats.

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<sup>4</sup> Many of these documents were reviewed in the original Spanish; translations, where necessary, were done by WRC staff.

As indicated by the content and timing of the harassment and threats, in most cases they were sparked by workers' fears about the future of the plant. Given the history of anti-union behavior by Gildan and by Star's previous management, it is not surprising that, upon Gildan's acquisition of Anvil, rumors quickly spread that the plant had been sold because of the union and that Gildan would close the plant because of the union. These concerns were intensified by comments made in February 2012 by at least one supervisor during a negotiation with the union over production-related issues. The supervisor stated that if the union did not compromise on production-related issues, "the ship would sink" and he would make sure to leave before it sank. This supervisor stated that, without compromises by the union, the factory could close within a year and a half because of the cost of the collective bargaining agreement, and said, "Remember, the factories are moving to Nicaragua...." Amidst rumors of closure, and in the absence of any convincing assurances from management about the factory's future, workers' fears grew and were utilized by anti-union employees to generate ire against the union.

The union leadership has been subjected to repeated threats of violence, including death threats. These include the following:

- On May 5, according to Sitrastar president Waldin Banegas, a woman worker called out on the plant floor, "I have proof that the union took 7 million lempira [from the company]," and said to Banegas that, "you sons of bitches are going to be the first ones we bury."
- In early May, Rafael Magana, a worker with a history of threatening Sitrastar leaders (described further below), and another worker, approached Banegas. In Banegas' words, Magana and the other worker told him that, "I should get ready for what was coming, and I should stop loving my family." They told another union leader to (again in Banegas' words) "stay away from me so that his family wasn't left crying just like mine would be."
- Also in early May, a worker from the cutting department approached Banegas in the training room and said, "it would be cheap to get you all killed. They will charge me 5,000 lempiras to kill all six of you." It was clear that he was referring to the six members of the union's leadership committee.
- On August 30, Banegas received a call on his cell phone while outside the plant. The caller, a woman who works in the plant, said, "if you act against us getting our benefits, we're going to kill you. We're going to turn people from both shifts loose on you."

In the Honduran context, such threats must be taken seriously. In the words of the International Trade Union Confederation (ITUC), "Being a trade unionist...implies major risks in the Honduras of today."<sup>5</sup> Honduras has the highest murder rate in the world,<sup>6</sup> and groups such as the European Union and Amnesty International have documented a disturbing rate of targeted

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<sup>5</sup> "Honduras: Violence and Human Rights Violations Escalate." June 16, 2010, <http://www.ituc-csi.org/honduras-violence-and-human-rights.html>.

<sup>6</sup> "US condemns corruption, harassment in Latin America," *Agence France-Presse*, May 24, 2012.

murders, assaults, and rapes against human rights defenders, including labor union leaders and activists. Workers who choose to form unions are well aware of this context, and have legitimate reason to be extremely concerned about threats of violence. According to the ITUC, at least fifteen union leaders have been killed in the last three years.

In addition to the explicit threats described above, union leaders have been subjected to repeated instances of harassment and veiled threats. Examples include the following:

- On May 5, during a work stoppage (which was not organized by the union), Banegas was cornered while workers angrily demanded assurances and information regarding the factory's future. One worker yelled that Banegas had "taken money" (been bribed) by the company and was "a son of a bitch." Banegas reports that one worker yelled that people were "ready to lynch" him. He reports that Xiomara Wu, then the Regional Director of Human Relations & CSR for Anvil, was present and ultimately succeeded in restoring order, but she took no action to discourage or otherwise address these threats. Other comments yelled at Banegas during the stoppage include, "you are going to pay," and a threat to "smash you to pieces."
- Later on May 5, a worker's husband said to a female union leader outside the factory, "if you don't fix things, I am going to look for you at your house."
- On or around May 26, a worker said to a union leader, "it's your fault that my children are going to starve. You all are dogs, you are sons of bitches."
- Banegas reports that during June and July, his wife (who also worked at the plant) was also subjected to harassment, including one worker saying to her, "if the company closes, your husband and the others will pay. We know where you live."
- On or around August 28, a worker said to several coworkers, including union members, that, "if things go poorly for the workers, the union is at fault and the union will have to pay the consequences. If I don't get paid what I am owed, you are going to have to pay." (This comment was directed at the unionist that provided this testimony). As this worker got up from the table he said to all of the workers in earshot that he held the union responsible and he was "capable of anything" if the factory closed and he did not receive the money he was owed.

In addition to this verbal intimidation and harassment, multiple workers reported that there is anti-union graffiti in at least two bathrooms. This graffiti includes, "it's the union's fault that the factory was sold to Gildan," and an insult aimed at a specific union leader, stating, "don't trust the gimp, he is getting rich off our backs."

While the threats and harassment have decreased in frequency and intensity since the initial announcement of the acquisition, they have not ceased.

***Management's failure to take action to address threats and harassment***

Factory management repeatedly failed to respond to this type of intimidation and harassment in the workplace. Workers report that one worker in particular, Rafael Magana, was allowed to threaten and harass union leaders since at least 2009. Following a work stoppage in 2009, Magana said to a union leader, “the time you have left to live is the time I give you. I have you in my hands.” On another date, Magana said, “the cemetery is full of brave people” and threatened to “get rid of” the unionists. In May 2012, workers report that Magana said that he was going to “destroy” the union and, as noted above, threatened two union leaders.

Union leaders report that they repeatedly complained to factory management about Magana's threats, beginning in 2009, but at the time that the WRC reported these violations to Gildan in October 2012, there was no evidence that Magana had ever been disciplined for these statements. When the union raised the issue with management, managers dismissed their concerns with comments such as “don't pay attention to that, it's just talk.” Magana had been heard saying in the plant that no one could do anything to him, that he was untouchable.

This failure to address and prevent harassment and intimidation extends beyond Magana. There was no evidence that any workers were ever disciplined for threatening or harassing union members. In addition, workers reported that the anti-union graffiti referenced above was not erased for many months, and that some graffiti that was painted shortly after the acquisition remained at the time of the WRC's most recent worker interviews (September 2012).

Management's repeated tolerance of intimidation and harassment of union leaders and dismissal of the workers' legitimate complaints constitute a violation both of workers' associational rights and a violation of code provisions related to harassment and abuse. The Gildan Code of Conduct states that “Every employee shall be treated with respect and dignity. Physical, sexual, psychological or verbal harassment or abuse of any kind will not be tolerated.” Most collegiate codes of conduct have similar language; for example, the Collegiate Licensing Company (CLC) code states, “Every employee shall be treated with dignity and respect. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.” This language on harassment and abuse in the workplace makes the employer responsible for addressing transgressions. The codes do not restrict the employer's obligation to refraining from engaging in harassment and abuse; rather, they state that this behavior “will not be tolerated” at the workplace, thus requiring the employer to take action against anyone engaging in such behavior. Star management manifestly failed to fulfill this obligation.

***Management's collusion with workers responsible for anti-union threats***

Multiple workers provided evidence that Human Resources staff at Star not only tolerated Magana's behavior, but colluded with certain workers in promoting anti-union messages in the plant.

According to credible, mutually corroborated worker testimony, Magana enjoyed a privileged relationship with Human Resources Manager Wendy Aguirre and met with her regularly in her office. Magana's meetings with her also often included two other workers who also are vocally anti-union. Aguirre did not meet regularly with other workers with similar job responsibilities. Magana and these other two workers often had access to information before other workers, indicating that they received information from Aguirre or other managers. One example given by workers of a case where Magana had information prior to the rest of the workforce was the plan for a leadership transition from Xiomara Wu to Gabriela Munoz (Regional Human Resources Manager for Gildan). According to worker testimony, Magana has boasted around the factory that Aguirre supports his activities.

One of Aguirre's colleagues, Human Resources Manager Eva Benavides, was also seen discussing the union in a private meeting with Magana. On May 3, a union leader looking for Benavides accidentally walked into a closed-door meeting between Magana and Benavides. When he walked in, Magana was saying "to hell with that little union."

***Failure to inform union as per collective bargaining agreement and applicable law***

Union leaders at Star report that management has repeatedly failed to inform them of changes at the plant, and in some cases actively misinformed them. This failure to provide accurate, timely information is a common means of undermining unions. If the union is prevented from responding to rumors and being able to provide accurate information to its members about changes in the plant, it makes the union seem ineffective and powerless to workers. This is particularly important at Star given the current fear of closure at the plant, in which rumors are rampant. If the union cannot provide accurate information to workers about basic changes at the plant, such as changes in security protocols or banking systems, then workers have little reason to trust that the union is a reliable interlocutor with management.

Both Honduran law and the Star collective bargaining agreement speak to the importance of respecting unions as workers' representatives in terms of workplace systems and of providing timely information. Clause 21 of the Star collective bargaining agreement states that, "when for technical or management reasons there are changes in the goals or work methods of any operation, the management will communicate the new goals and changes to the Board of Directors of the union."

Honduran law states that unions have a responsibility to closely monitor and analyze "salary, benefits, schedules, protection and accident-prevention systems, and other working conditions" in order to "improve and defend them" and to "represent [their members] before administrative authorities, employers and third parties" (Article 491, Clauses 1 and 4). The law confers on management the "corollary obligation to respond in a timely manner to union leaders, their representatives and spokespeople" (Article 492).



These requirements reflect the practical reality that if the company fails to provide accurate, timely information to the union, workers may cease to view the union as an effective representative of their interests. This type of communication is a basic, necessary element in respecting the union's legitimacy and workers' associational rights.

Incidents of failure to provide advance notice of changes, and at least one case failure to respond accurately to requests for information, include the following:

- Since 2010, Star has been shifting several production lines to a team production system.<sup>7</sup> In January 2012, an additional line was shifted to use this system. The union president reports that he was informed of this change less than an hour before it was implemented. Participating in team production impacts workers' compensation structure and is, according to a subsequent agreement between management and the union, voluntary. The notice requirement is particularly important in a case like this, where workers are being presented with a decision that will impact their working conditions and compensation. Workers report that one manager stated that the factory would close if they did not accept the team production; another said, "the change to teams is going to happen because it's going to happen and those who don't accept it are going to be stuck doing the most difficult operations." These threats led to a meeting among the union, Star management, and Anvil international staff, in which Anvil stated that the factory would not close and that participation on the teams would be voluntary. Had Star management provided advance notice, this agreement could have been reached and clarification provided immediately, rather than giving managers the opportunity to threaten and coerce workers into the new system.
- On or around June 22, 2012, the union inquired whether factory management was retaining a new security firm, based on rumors among workers at the plant. At the time, it was rumored that the change in security was part of a plan by the new owners to crack down on the union. Gabriela Munoz denied that the security provider would be changed. Subsequently, management changed to a new security firm. No evidence has been presented to the WRC that the new security personnel have engaged in any anti-union behavior. However, management's failure to provide accurate information when asked contributed to the continuation of rumors and fear of anti-union retaliation by management, and the union's inability to provide accurate information to workers encouraged workers' fear that management was planning to retaliate against workers involved in union activity.

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<sup>7</sup> This team production is the topic of a dispute between factory management and the union; the union alleges that the rate calculations used for the team compensation system, in which workers receive bonuses based on team performance rather than individual performance, violates Clause 23 of the Star contract. The WRC has not investigated this question to date.

- In late August, several production lines were eliminated. No workers were terminated, but the duties of workers on three lines were changed. Union president Banegas reports that he was only informed of this by a telephone call the day prior to the implementation of these changes, and was not fully informed of the impact on workers in those production lines.

The Star collective bargaining agreement was the result of nearly two years of workers' perseverance in the face of retaliation and other forms of unlawful resistance to unionization by management. This continued refusal of management even to provide the union with proper advance notice of policy changes that impact employees, let alone an opportunity for consultation and input on these changes, is a further indicator that this pattern of abuse persists.

### ***Summary of findings***

Based on the evidence described above, the WRC concludes that:

- Star managers have allowed certain workers to threaten and harass union members with impunity, including making death threats.
- Star managers have colluded with these anti-union workers in their efforts to harass the union leaders.
- Star management has failed to provide accurate, timely information to the union about changes at the factory that impact workers, in violation of its contractual and legal obligations.

In addition to being violations of associational rights in and of themselves, these actions, coupled with Gildan's past practices, led to a climate of fear of either a renewed campaign against the union or an anti-union closure. Since the past actions of Gildan and of Star management created a legitimate basis for such fears, and since management has failed to consistently take steps to allay these fears, this constitutes an additional violation: the creation and perpetuation of a climate of fear in the factory that prevents the free exercise of associational rights.

### **V. Recommendations**

The WRC wrote to Gildan on October 2, 2012 and made the following recommendations:

1. The fear of closure in the plant has contributed significantly to the harassment and intimidation of union leaders and the deterioration of labor relations. To address this, a representative of Gildan should communicate clearly to the entire workforce that Gildan does not plan to close the factory. The WRC recommends that this be done by convening several large assemblies of the workers covering different shifts, and making an in-person announcement. To be effective, this announcement should be made by a representative of Gildan's international operations, rather than someone seen by the workers as part of Star

management. Due to the transition in factory management, workers' concerns are unlikely to be allayed at this point by statements from factory-level managers.

2. During these assemblies, Gildan should clearly convey that it respects workers' right to freedom of association and is committed to deal in good faith with Sitrastar as the workers' chosen representative.
3. Managers and supervisors at Star should be instructed to address allegations of intimidation and threats taking place at the plant to ensure a workplace where all are guaranteed "respect and dignity" as per the Gildan code. Any employee making a threat of violence, whether a worker or manager, should be subjected to appropriate disciplinary measures.
4. Managers and supervisors at Star should cease any support or encouragement for workers' opposition to the union; it is unlawful for management to collude with an anti-union campaign.
5. Management should provide timely, accurate information about changes at the plant to the union. The amount of advance notice should be sufficient for the union to notify workers before actions are implemented.

## **VI. Gildan's Response and Current Status**

Gildan provided a written response to the WRC on October 9, 2012, reporting three changes in personnel and five commitments in response to WRC recommendations. Gildan also states that it "is not aware of any evidence" that the threats and harassment detailed above were reported to management. Gildan also denies that management has failed to provide timely, accurate information to the union. Gildan's communication is summarized below along with the WRC's analysis of the company's representations.

### ***Management's knowledge of threats and harassment against unionists***

Gildan states that, "we have not been provided with and are not aware of any evidence that these complaints of harassment were in fact reported to management." The workers who were the victims of this harassment, however, testified to the WRC that they reported these incidents to management repeatedly, both before and after Gildan's acquisition of the plant.

Workers have provided specific testimony regarding repeated attempts to report threats to management, including the following examples.

- One worker reports that during May, he twice reported to Eva Benavides that he was being subjected to insults and intimidation. She said it was "a shame" and that people "don't have ethics," but did not state that she was opening an investigation or otherwise taking any action.

- In a public letter sent to Star's key buyers dated May 9, Sitrastar described Magana's 2009 death threats against union leaders and efforts by Magana and another worker to inflame anger and blame towards the union.
- On Munoz's first day, several union leaders report that they met with the new manager and informed her of the threats and harassment they were being subjected to. Munoz stated that she would investigate the matter. The same union leaders report that they continued to raise the issue with her in subsequent meetings.
- The same worker mentioned above reported the incident of intimidation that took place on August 28 (described above) to Benavides. He states that Benavides acknowledged his concerns and stated that she would investigate the matter, but did not subsequently give him any information about the progress of this investigation.
- Banegas reports that he reported the telephoned threat on August 30 (described above) to Human Resources, but the perpetrator denied it and Human Resources did not pursue the issue further.
- As noted above, workers report that Xiomara Wu, a senior manager at Anvil, was physically present while Banegas was cornered by angry workers who threatened to lynch him and "smash [him] to pieces."

Management at Star and at Anvil were well aware of the threats.

***Freedom of association: inadequate notice of workplace changes***

Gildan states that the company "has not seen any evidence" that Star has violated the collective bargaining agreement or Honduran law. They state that "since Gildan's acquisition of Anvil, there have not been any changes to the work methods utilized at the plant, nor have there been any changes to production goals" and that "administrative changes have been communicated to the union in a timely manner and prior to any communications to the employees of the facility."

While the overall workforce has not been shifted to new methods or goals, specific production lines have repeatedly – including at least once since Gildan's acquisition of the plant – been dissolved or restructured. In addition to the team production pilot line prior to Gildan's purchase of the plant, three lines were suddenly closed in late August 2012 and the workers (a total of approximately 30 individuals) were shifted to either work other lines or float between lines. For these workers, this constituted a significant restructuring of their working methods and conditions and their production goals. The union president testified that he was informed of these changes one day prior to their implementation, and was not made aware of the substantial impact this change would have on the workers involved. As noted above, this is not adequate advance notice for the union to perform its function. The Star collective bargaining requires management to provide advance notice of changes to goals and work methods.

On October 9, Star management again demonstrated this failure to provide notice to the union of policy changes affecting the workforce. On that day, union leaders report, they received a phone call asking them to meet with Munoz on October 10. Munoz informed the union that the factory intended to have the workers work through two national holidays, on October 12 and 21, and would provide additional compensation for these days. Wu had specifically confirmed earlier this year that these were holidays and were scheduled as days off. When the union strenuously objected, the union leaders report, Munoz negotiated an agreement that the workers would work October 12 but receive a subsequent day off in exchange, and that October 21 would not be a work day. While this matter appears to have been addressed to both parties' satisfaction through direct negotiation, Star management's failure to provide the union with reasonable notice that workers, contrary to prior management commitments, would be forced to work on a major national holiday, indicates a continued lack of respect for the union's role as the workers' representative.

Honduran law confirms unions' obligation to "improve and defend" their members' working conditions, schedules, etc., and imposes upon management a "corollary obligation" to provide timely information.

Based on consultation with union leaders in Honduras, at least one week of advance notice for changes with an impact on workers is customary and necessary for unions to be able to adequately inform workers of the changes and, where applicable, discuss concerns raised by workers with management.

As noted above, given the level of fear of closure and retaliation at the Star plant, giving at least that much advance notice is particularly crucial. In this context, changes that appear innocuous to outsiders – and perhaps even to Star managers – inflame rumors that closure or layoffs are around the corner.

### ***Star personnel changes***

Gildan reports that Human Resources Manager Wendy Aguirre has not been employed at Star since August 23, 2012 and that Rafael Magana's employment ended the first week of October 2012, which means he was dismissed subsequent to Gildan's receipt of the WRC's report.

While Gildan does not acknowledge that Aguirre and Magana individually or jointly were involved in harassing and intimidating union leaders, the reasons for their departure are obvious. It is unfortunate that Aguirre's departure came only after issues were publicly raised by Sitrastar over the summer and that Magana's termination came only after the WRC informed Gildan that abuses long known to the company would be discussed in a public report. Nonetheless, their departure is a significant remedial step.

***Gildan's remediation commitments***

Gildan's commitments to fulfill the WRC's recommendations are as follows:

1. "A representative of Gildan's international operations will communicate, in an effective and appropriate manner, to the entire workforce that the Company will continue to operate the Star facility...."
2. "As part of the communication referred to... above, Gildan will also communicate to the workforce its respect for freedom of association and its commitment to deal with the union, Sitrastar, in good faith and in a constructive manner."
3. "All managers and supervisors at the Star facility will be instructed to address allegations of threats and intimidation as outlined in Gildan's Code of Conduct and take the necessary disciplinary measures when appropriate."
4. "All managers and supervisors at the Star facility will continue to be instructed on workers' rights with respect to freedom of association and the Gildan Code of Conduct."
5. "Gildan agrees to respect all provisions of the collective bargaining agreement entered into between Anvil and Sitrastar, including the provision with respect to notifications and information provided to the union which will be done in a timely and accurate manner."

These remedial commitments, if honored, and if carried out properly, will address the violations at Star.

It is imperative that communications to the workforce and management training regarding freedom of association be coordinated with Sitrastar. The language of any statement to the workforce regarding freedom of association should be agreed upon with the union and union leaders should be involved in any such announcement to the workforce. In addition, the union should be consulted on content and given the opportunity to participate in any freedom of association training conducted for managers and supervisors. One key goal of these communications is to convey clearly to workers and managers that the union is respected by management; without union involvement, such communications will be ineffective.

The WRC has not yet been informed of the nature of Gildan's planned communication to workers regarding the factory's continued operation and commitment to freedom of association. As noted in our initial recommendations, we recommend in-person general assemblies as a means to communicate this information. The WRC also recommends that a statement of Gildan's commitment to freedom of association and recognition of Sitrastar as the sole representative of the workers, with language jointly agreed upon by the company and the union, be posted in a clearly visible position in the factory.

The WRC will monitor developments at Star to determine whether these commitments are fulfilled and are carried out in an appropriate manner and whether violations of workers' associational rights are halted.

## **VII. Conclusion**

The violations identified by the WRC investigation at Star have continued for five months since Gildan purchased the plant. Prompt remediation is crucial to restoring workers' associational rights at the plant.

For this to be achieved, Star management must fully involve the union in its communications regarding freedom of association and the future of the plant. In addition, it must communicate its respect for the union through actions as well as words, by allowing the union to perform its legally prescribed role as the representative of the workers and, specifically, by providing the union with sufficient advance notice of changes to enable the union to consult and communicate with its membership.

The tolerance of intimidation and threats of violence at Star remains the most serious concern. It is imperative that any future harassment, and in particular any further threats of violence, are handled aggressively and with dispatch by factory management.

Finally, it must be noted that the fear of anti-union closure expressed by the Star workers is based in the same real trends that the WRC has long noted as obstacles to compliance. In the absence of long-term commitments to factories by licensees, conditioned on full compliance with university codes, workers have real reason to fear that buyers will abandon factories that accept unionization in accordance with the law or that otherwise implement labor reforms that necessarily raise production costs.

University licensees, including adidas and Nike, have relationships with Star that predate its acquisition by Gildan. In this case, as in the case of other factories where workers have persevered through continued violations of associational rights to win union recognition and other basic rights, licensees' continued commitment to the factory, coupled with vigilant enforcement of applicable labor standards, will be necessary if there is to be sustainable labor rights compliance.

In this regard, it is discouraging that none of the licensees using this facility took any action to address the violations, prior to the WRC's intervention. The licensees should have identified these ongoing abuses through their own monitoring and taken action to correct them. Nike did take meaningful action years ago at Star, but none of the licensees acted to protect the rights of Star workers in the context of these recent breaches of law and applicable codes.

The WRC will monitor developments at Star and report as warranted.